

# **COMMONWEALTH OF VIRGINIA**



## **Virginia Enterprise Application Program**

### **FM01 General Accounting**

#### **Modified Financial Management (FM) and Performance Budgeting (PB) Future State Business Process Best Practice Environment Definition Document**

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V 3.2

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## 1. Introduction

This Deliverable documents the collection, analysis, and definition of the high level business process functions and functional requirements of the *Financial Management – General Accounting* business area within the Virginia Enterprise Application Program (VEAP). This Deliverable focuses on the business processes and functional requirements identified by the VEAP to satisfy the needs of the Commonwealth's stakeholders and the target users. This document includes the purpose, scope, business reengineering opportunities, process threads, requirements, definitions, and references of this future state environment definition. The Future State Environment Definition Documents provide a critical foundation for the Financial Management and Performance Budgeting solutions as they are the basis for the fit-gap analysis as well as implementation activities including software design and configuration, testing, procedures documentation, training, business process reengineering, and organization design.

### 1.1 VEAP Background

#### ***The Virginia Enterprise Applications Program (VEAP) Vision***

- ***Provide the Commonwealth with best practice business processes supported by a suite of commercial-off-the-shelf (COTS) enterprise solutions – consistent with Virginia's position as a Best Managed state and a financial and technology leader.***
- ***Transform administrative operations by consolidating and modernizing the service delivery models and supporting applications for the Commonwealth's Financial Management, Human Resources Management, Administrative Management, and Supply Chain Management resulting in superior resource management and improved performance.***

Through the Commonwealth's Public Private Educational Facilities and Infrastructure Act (PPEA) of 2002, which brings private sector innovation and investment to state government projects, the Commonwealth has undertaken an initiative to identify areas of the Commonwealth's operations that could be significantly improved by undertaking an enterprise-wide reengineering and resolutioning of business processes common across the Executive Branch of government. The Virginia Enterprise Application Program (VEAP) is one such effort, as part of the initiative, undertaken by the Commonwealth.

The VEAP is a seven year program to consolidate and modernize the business processes and enterprise applications of the Commonwealth of Virginia (COVA). The initiative will enhance efficiency, increase productivity, and provide more effective delivery of services. The Program's scope includes Financial Management; Human Resources Management; Administrative Management; and Supply Chain Management. It is important to remember that VEAP is not just a project to replace old systems with newer technology. The Program also is intended to focus on opportunities to reengineer business practices and to achieve efficiencies whenever possible.

The implementation will be accomplished over a multi-year period and will be managed through phased rollouts. Phase I of the VEAP will result in an integrated, fully-functional Financial Management and Performance Budgeting solution and related business processes. The targeted implementation dates are June 2008 for Performance Budgeting and June 2009 for Financial Management.

Many Commonwealth agencies conduct their business processes - such as accounting, payroll, budgeting, personnel management, and travel - through repetitive systems, leading to inefficiencies, excessive manual input, and duplication. For example, only eleven percent (11%) of financial transactions made by COVA agencies originates in the Commonwealth's central accounting system, with many agencies using systems that they have acquired or developed in-house over time to suit their specific needs. This has led to fractured processes, multiple systems, time-consuming reconciliation of data, and reduced central oversight. Many of these systems are old, obsolete, and inflexible and have too few staff in both the public and private sectors with the know-how to operate and service them. This limited knowledge base presents a risk to the Commonwealth's administrative operations.

## 1.2 VEAP Phase I Scope

During Phase I, the Commonwealth Accounting and Reporting System (CARS) and the budget development (PROBUD) system will be replaced and a new statewide Chart of Accounts will be implemented.

The agencies that will be affected by the Phase I implementation are:

- all agencies that currently utilize the CARS as their primary accounting system (enter information on-line to CARS) will use the new solution, and
- agencies that currently interface data to CARS will interface to the new system.

The agencies that will be affected by implementation of the Performance Budgeting solution are:

- all agencies that currently use PROBUD.

Four additional agency legacy financial management systems will be replaced as part of Phase I (Department of General Services, Virginia Employment Commission, Virginia Information Technologies Agency and Virginia Department of Transportation). All other Executive branch, non-higher education agencies that have their own legacy financial management system will be implemented in a future phase of the VEAP.

The Phase I Planning activity is the process of completing the general design and implementation plan for these two solutions. As stated previously, Phase I of VEAP includes Enterprise Financial Management and Performance Budgeting solutions. Future State Environment Definition Documents have been drafted for each of the following business areas:

- General Accounting,
- Cost Accounting,
- Fixed Assets,
- Accounts Payable,
- Accounts Receivable,
- Purchasing,
- Performance Budgeting, and
- Time and Attendance, Labor Distribution, and Leave Accounting.

The following agencies were invited to participate in the Workshop Sessions reviews of the *Future State Environment Definition Document – Financial Management – General Accounting* to corroborate and provide input to the proposed business process threads:

- Department of Accounts (DOA),
- Virginia Department of Transportation (VDOT),
- Department of General Services (DGS),
- Virginia Employment Commission (VEC),
- Virginia Information Technology Agency (VITA),
- Department of Business Assistance (DBA),
- Department of Corrections (DOC),
- Department of Juvenile Justice (DJJ),
- Department of Criminal Justice Services (DCJS),

- Department of the Treasury (TD),
- Library of Virginia (LVA),
- Department of Emergency Management (DEM), and
- Virginia College Savings Plan (VCSP).

### 1.3 Future State Business Process / Best Practice Environment Definition Documents

Completing the Future State Business Process / Best Practice Environment Definition Documents is one of the primary tasks of Phase I Planning. Defining the Future State means addressing and analyzing the best practice business processes, change impacts, organizational design, and functional requirements for each business area. During this effort, CGI and the Commonwealth of Virginia (COVA) will:

- analyze current business processes – review and update business process descriptions documented in the Draft Financial Management (FM) and Performance Budgeting (PB) Future State Business Process / Best Practice Environment Definition Documents,
- identify business process reengineering opportunities,
- define the Future State Environment – document how business processes should be executed with the new enterprise solution, using best practice in conjunction with Commonwealth specific requirements,
- identify any organizational impacts that should be considered with the new enterprise solution,
- validate the functional requirements documented in the Draft Financial Management (FM) and Performance Budgeting (PB) Future State Business Process / Best Practice Environment Definition Documents,
- add necessary requirements,
- remove unnecessary requirements,
- prioritize requirements by business impact,
- identify the organizational impact of the requirements (enterprise-wide vs. agency-specific), and
- finalize the list of functional requirements.

The Final FM & PB Future State Business Process / Best Practice Environment Definition Documents will be used to drive the Fit-Gap Analysis, create several sections of the Final General Design and Implementation Plan deliverable, and develop cost estimates. The document will also be used in subsequent phases of VEAP such as during detailed design and testing. For example, the functional requirements will eventually be further divided into detailed system/technical requirements and used to create test cases/scripts; the defined process threads will drive the execution of business process reengineering efforts during implementation and support the development of training materials.

### 1.4 Purpose

This Future State Environment Definition Document describes the needs, stakeholders, legal and process reforms, process threads, and functional requirements that should be available in a *Financial Management – General Accounting* business process solution. This document identifies the activities associated with the *Financial Management – General Accounting* business process threads for the Commonwealth, as well as the stakeholders and users associated with such processes. In addition, this document describes high level business processes along with the functional requirements associated with these business processes. All functional requirements are marked with a priority of (1) Mandatory, (2) Desirable or (3) Optional and are identified as Enterprise or agency-specific where necessary.

## 1.5 Scope

This particular future state environment document defines the process threads associated with the following business processes:

- Budgetary Transactions,
- Chart of Accounts,
- Accounting Transactions,
- General Ledger Reconciliation,
- Month End and Year End Processing, and
- Comprehensive Annual Financial Report (CAFR Reporting).

## 1.6 Document Outline

The remainder of the document contains the following sections:

**Section 2 – Positioning.** This section briefly describes the business problems inherent in the current environment and the opportunities for implementation of the Enterprise Resource Planning (ERP) solution.

**Section 3 – Stakeholder and User Descriptions.** This section identifies the Commonwealth and outside organizations that have a significant stake in the process and the success of the project. The on-going roles and responsibilities are described for the Stakeholders and Users along with their organizations.

**Section 4 – Key Product Requirements.** This section begins to introduce the future state environment by identifying the three to six overarching business concepts that will be provided by the ERP solution to address major weaknesses in the current environment.

**Section 5 – Process Thread Summary.** This section documents the specific characteristics of the future state environment. The major business processes are defined within each business area, the key steps in each process, and the specific system capabilities required to support the function in a manner that permits the Commonwealth to meet mandates in an efficient manner.

**Section 6 – Process Thread Detail Description.** This section describes how each business process thread defined in the previous section is performed in the ERP solution. Each process is described in flowchart and tabular format and each process detail step is numbered sequentially within each process thread.

**Section 7 – Product Requirements.** The product requirements are contained in Appendix A and define the specific features and capabilities that the ERP solution must provide in order to support the defined future state environment and achieve the described benefits. These requirements describe what the system needs to do, but not how it must be done.

**Section 8 – Data Flow Details.** This section details the flows of data both in and out of the business process. The graphics contained in this section identify the impacts to existing systems and processes as they relate to each agency in the Commonwealth.

**Section 9 – References.** This section contains the sources of information used as references to the business process. The terms used in the document along with the definitions of those terms are also included in this section.

## 2. Positioning

This section of the Future State Environment Definition Document describes the overall business opportunity for the *Financial Management – General Accounting* business process. In addition, this section describes some of the high level changes that need to occur, states the current problems in the existing environment, and identifies the potential benefits that could be achieved through the ERP solution.

### 2.1 Business Opportunity

The Virginia Enterprise Application Program (VEAP) Team strongly believes that a comprehensive solution to the Commonwealth's business concerns involves much more than simply installing new technology. Rather, a complete solution is the integration of technology, process, people, and approach in a manner that recognizes the unique aspects of the current situation and the future. The solution we envision for VEAP in the area of financial and operational accounting considers all these elements.

The Commonwealth currently relies on numerous systems, applications, and processes to support the *Financial Management - General Accounting* business process. The recommended ERP solution would include three elements:

- a modern, public sector-oriented, integrated financial system as the core of the new architecture,
- a service delivery organizational structure that recognizes the wide range of differences among the various Commonwealth agencies and provides the flexibility for each agency to execute business processes in the manner and with a staffing structure that best meets its needs, and
- a phased implementation approach that gives the Commonwealth the opportunity to carefully control costs and risks, and to make implementation and rollout decisions based upon both project performance and other future conditions.

At a minimum, this commercially available application would replace the Commonwealth Accounting and Reporting System (CARS) and a significant percentage of the function-specific modules that have been developed by many agencies to address CARS deficiencies.

#### 2.1.1 Systems

Currently, there are numerous finance related systems that perform the financial and operational accounting functions. CARS is the main system used by the Commonwealth and many agencies use CARS directly, while others have interfaces to CARS.

In the present environment a limited amount of technical integration exists to facilitate data sharing. Amidst this overall environment of numerous systems, the key statewide processes of disbursements, receipts, and fund control are accomplished through a combination of automated interfaces, manual data entry, and system edits. The annual reports are compiled with CARS data and CAFR Directive Submissions.

In addition to CARS the following are some of the other systems or applications supporting the general accounting process at the agency level:

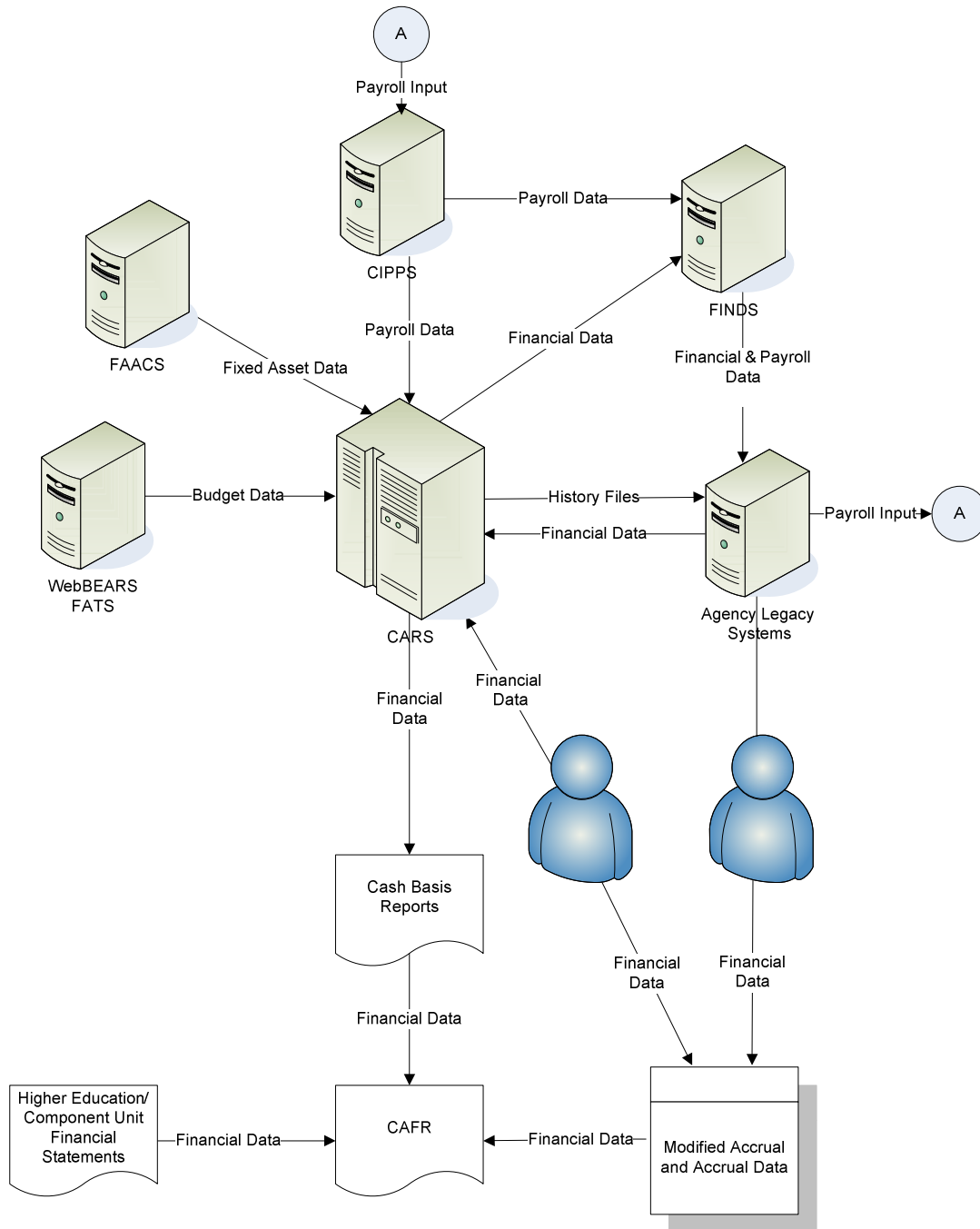
- FINSYS - Financial System (VDACS),
- Financial Management System (VDH),
- KPMG Performance (ABC),
- PeopleSoft Financial (DGS, VITA and VDOT),
- Oracle Financial (DEQ, DMAS, DMV, DOE, DSS, and VSP),
- IDSS - Integrated Decision Support System (DCR and DLI),
- SESA - State Employment Security Agency Cost Accounting System (VEC), and
- Mitchell-Humphrey Financial Management System (DMHMRSAS, DRS and DVS).



### 2.1.2 Current State

The Commonwealth's current *Financial Management – General Accounting* environment is illustrated in Exhibit 1.

#### Exhibit 1 - FM01 General Accounting - Current State Environment



Certain key functions are performed centrally such as control over cash, appropriation control on a cash basis, and aggregation of data for and preparation of statewide reports. Other financial and operational accounting functions are primarily decentralized in accordance with the Commonwealth's approach, generally assuming that the agencies are the best judge of their requirements and are in the best position to address them.

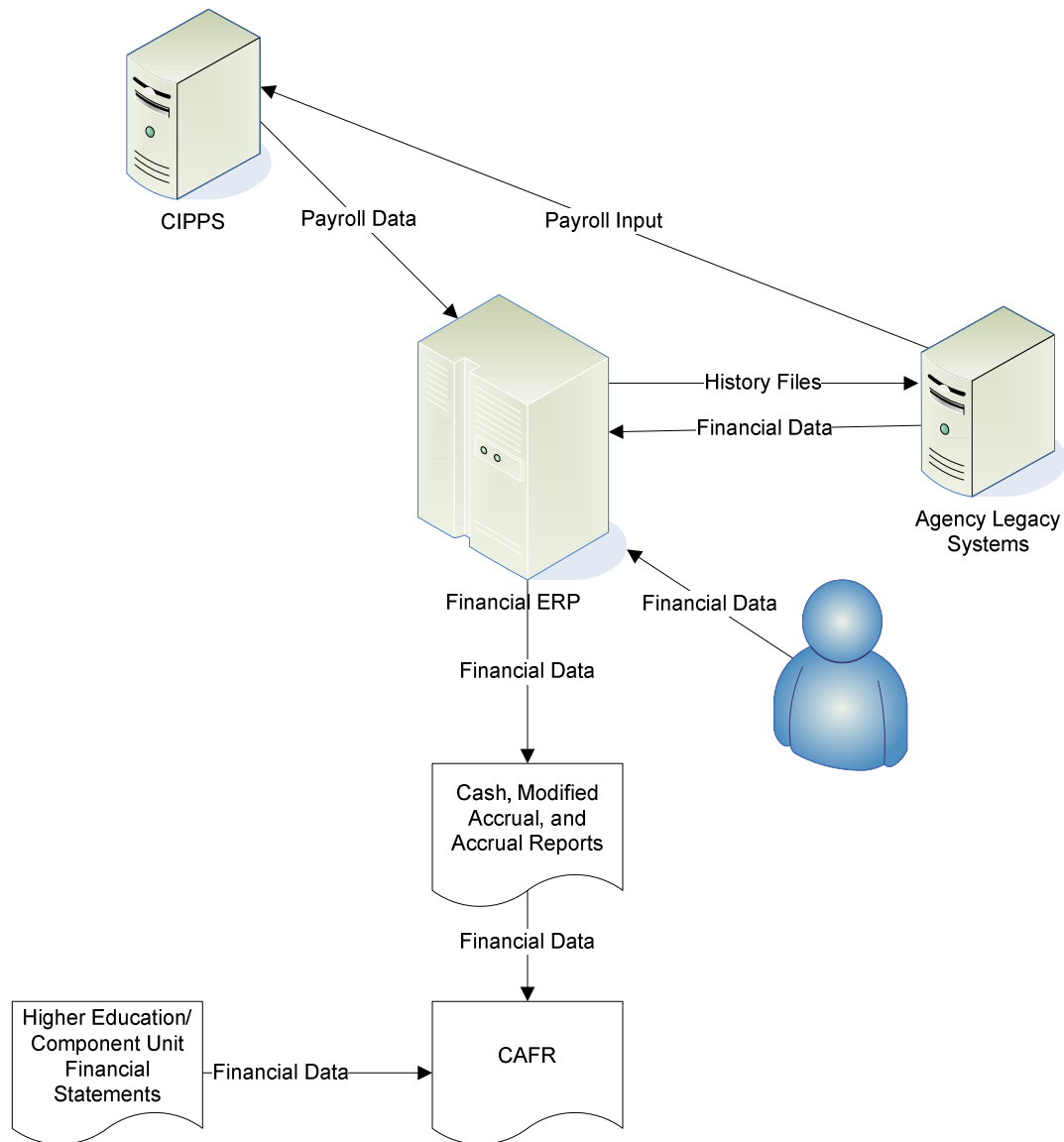
An agency usually initiates transaction processing and those transactions that impact appropriation balances are processed into CARS. Other transactions may be processed in agency systems. Disbursements are made through CARS, either via check or electronic data interchange (EDI). Depending on the agency, management reports are produced from various systems. All agencies are required to reconcile their financial data to CARS. The reconciliation process for agencies with internal financial management systems is more complex. Summary accounts receivable data is provided by the agencies via the accounts receivable data entry system. Fixed asset information may be directly entered into Fixed Asset Accounting and Control System (FAACS) or interfaced at a summary level. The CAFR is prepared based upon CARS data and agency information provided to DOA. The agencies provide the information needed to produce accrual based reports.

The codes and functions applicable to CARS are fairly standard across the Commonwealth. External to CARS, considerable variances exist in systems and processes due to the inability of CARS to address an agency specific operating or reporting requirement. This list of variances includes the ability to support accrual based accounting, which is necessary for basic operations of certain agencies (mostly enterprise/internal service) and for preparation of the Commonwealth's CAFR and Federal reporting requirements.

### 2.1.3 Future State

The Commonwealth's future *Financial Management – General Accounting* environment is illustrated in Exhibit 2.

#### Exhibit 2 – FM01 General Accounting - Future State Environment



At the heart of the financial management solution is a commercially available integrated financial system with general ledger capabilities, including transaction processing and period-end processing. Further, the future financial management system should have the following characteristics:

- support cash, modified accrual, and full accrual basis accounting,
- support Generally Accepted Accounting Principals (GAAP) and Governmental Accounting Standards Board (GASB) compliance,
- facilitate CAFR Reporting,

- support encumbrance accounting,
- support budgetary and cash controls,
- support journal voucher processing,
- support transaction correction processing,
- support rolling balances from the prior accounting period,
- support of monthly, quarterly, and annual closing processes,
- provide a flexible and extensive account classification structure,
- support the integration of all modules based on single data entry point,
- accommodate central and selected agency-required business process requirements,
- provide a modern technology foundation supporting service-oriented architecture principles,
- provide a web-based user interface,
- provide embedded workflow processing,
- provide integrated and powerful reporting capabilities including management reporting tools, decision analytics, and management performance dashboards, as well as a variety of standard reports, inquiries, and tools,
- support integration, or seamless interfaces, with applications supporting related business functions such as procurement, payroll, and travel, and
- provide a comprehensive security and internal control environment.

The financial management system is part of a program to create a statewide ERP system. This integrated financial management system which includes general accounting will be implemented in phases. This first phase includes the replacement of CARS and the financial management systems of VDOT, DGS, VITA, VEC, DOA, and DPB.

Overall, there is a need to create a standardized and evolving process, which continually identifies best practices, techniques, and tools. Through this action the Commonwealth will develop a more efficient and effective approach, the secondary effect of which will be more productive information sharing. The future Commonwealth environment includes the following:

- robust GA system,
- improved system integration,
- updated hardware,
- improved reporting and tracking capability,
- repositioning of staff, and
- increased training.

In addition to the above agencies, all agencies that use CARS as their primary financial system will be converted to the new ERP's financial management applications during Phase 1.

#### 2.1.4 Improvement Opportunities

The implementation of the new ERP system along with new and modified policies and procedures will provide a number of benefits and improvements to financial management processes within the Commonwealth of Virginia. Some of the overall improvements that will be achieved with the new ERP system are:

- elimination of redundant data entry and reconciliation,
- automated workflow capabilities,
- reduced risk associated with dated system applications and the aging workforce most familiar with them,
- a web-based, intuitive user interface,
- more efficient customer service to the citizens of the Commonwealth of Virginia,
- integrated and powerful reporting capabilities including management reporting tools, decision analytics, and management performance dashboards, as well as a variety of standard reports, inquiries, and tools, and
- comprehensive security and internal controls.

Some General Accounting specific improvements that will be achieved with the new ERP system are:

- CAFR preparation based upon consistent, accrual based ledgers,
- enhanced capture and classification of reimbursable costs,
- expanded opportunities for Auditor of Public Accounts (APA) focused audits,
- standardized processes and sharing of leading practices,
- better positioning as SOX-type requirements are placed on state government,
- a more attractive professional growth environment for financial and technical recruits, and
- application infrastructure consistent with Virginia's economic development message of technology leadership.

## 2.2 Problem Statement

The problem statement below identifies the overall problems that are apparent for the current environment related to *Financial Management – General Accounting*.

Problem	Effect	Impact	Solution	Benefit
1. The current environment requires extensive manual effort.	<ul style="list-style-type: none"> <li>• Redundant data entry</li> <li>• Extensive reconciliation</li> <li>• Dual correction processes</li> <li>• Significant collation and aggregation of information from disparate sources</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced employee productivity</li> <li>• Difficult reconciliation</li> <li>• Inability to provide timely information for managers</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidate into one system the processing of all types of journal transactions (including budget journals)</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced manual effort and increase employee productivity</li> <li>• Reduced cost</li> <li>• More efficient reconciliation process</li> <li>• Improved focus on analysis</li> <li>• Streamlined year end close process</li> </ul>
2. The current environment requires execution of redundant processes.	<ul style="list-style-type: none"> <li>• Generic processes and systems replicated across multiple agencies</li> <li>• Redundant data entry</li> <li>• Duplication of effort</li> <li>• Extensive reconciliation</li> <li>• Dual corrections processes</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced employee productivity</li> <li>• Difficulty reconciling systems</li> <li>• Inability to provide timely information for managers</li> </ul>	<ul style="list-style-type: none"> <li>• Standardize systems, support, policy or procedures among agencies</li> <li>• Create a state-of-the art journal processing and reporting environment</li> <li>• Increase workflow to automate requests and approvals across agencies</li> <li>• Centralize common processes and systems</li> </ul>	<ul style="list-style-type: none"> <li>• Duplicate/ redundant entry of data eliminated</li> <li>• Increased employee productivity</li> <li>• Streamlined year end close process</li> <li>• Improved focus on analysis</li> </ul>

Problem	Effect	Impact	Solution	Benefit
3. The current environment requires maintenance and operation of numerous and often duplicative systems.	<ul style="list-style-type: none"> <li>• Duplicative processes and systems established to address agency internal requirements and comply with central mandates</li> <li>• High cost for maintaining and supporting duplicate systems</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of integration spread across many financial systems</li> <li>• Unsupported technology in support systems</li> <li>• Redundant processes causing duplicate effort</li> <li>• Dated applications at risk of failure</li> <li>• Limited management and financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Replace CARS with a fully functional web based system</li> <li>• Reduce level of technology infrastructure required</li> <li>• Standardize systems and procedures across agencies</li> <li>• Provide an application infrastructure consistent with Virginia's position among the states as the financial and technology leader</li> </ul>	<ul style="list-style-type: none"> <li>• Higher level of integration – within accounting and with other functions such as budget and procurement</li> <li>• Higher level of integration between agencies and systems</li> <li>• Reduced system risks while improving operational efficiencies</li> <li>• Improved financial management reporting</li> <li>• More timely and efficient CAFR preparation</li> </ul>

Problem	Effect	Impact	Solution	Benefit
4. The current environment leads to a lack of enterprise wide data.	<ul style="list-style-type: none"> <li>• Data from multiple sources</li> <li>• Data not readily accessible</li> <li>• No common account classification structure</li> <li>• Multiple duplicative systems</li> </ul>	<ul style="list-style-type: none"> <li>• Current data not available</li> <li>• Labor intensive process to produce mandatory reports such as CAFR</li> <li>• Difficulty in reporting and meeting compliance requirements</li> <li>• Increased cost for maintaining duplicative systems</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the account classification structure so that statutory requirements, external reporting and needs of agencies can be addressed</li> <li>• Incorporate a state-of-the art reporting tool into an integrated system</li> <li>• Provide seamless flow of information</li> <li>• Make prior year's data and project to date information available</li> <li>• A modern COTS application with robust features</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded and flexible account classification structure – which permits accounting and reporting along dimensions defined by programs, sponsors, and internal management</li> <li>• Support for cash, modified accrual, and full accrual basis of accounting as required by GASB</li> <li>• State-of-the-art reporting environment created with modern technology, better tools, easier access, flexible and multiple media, merge with agency program data etc</li> <li>• Real-time updates of certain transactions available online</li> <li>• Agency-specific reporting capabilities</li> <li>• Timely and accurate reports</li> <li>• Improved reporting capabilities</li> </ul>



### 3. Stakeholder and User Descriptions

To effectively provide products and services that meet the needs of stakeholders and users, it is necessary to identify and involve all of the stakeholders as part of the 'future state environment' for the *Financial Management - General Accounting* business process. This section provides a profile of the stakeholders and users involved in the project and the key problems that they perceive to be addressed by the ERP solution.

#### 3.1 Stakeholder and User Definition

A stakeholder is a party who affects, or can be affected by, the Commonwealth's actions in relation to the business process within the Financial Management and Performance Budgeting Processes. The stakeholder concept was developed and championed by R. Edward Freeman in the 1980s. It has gained wide acceptance in business practice and in theorizing relating to strategic management, governance, and business purpose.

Users are widely characterized as the class of people that uses a system without complete technical expertise. However, users have understanding and knowledge of the business process in which the system is used to accomplish the execution of the business process.

#### 3.2 User Summary

This section provides a list of the users involved in the project. This information will be used in the following section which describes the user profiles:

- In-Scope Agency Financial Management (FM) Staff,
- Department of Accounts (DOA),
- Auditor of Public Accounts (APA), and
- Department of Planning and Budget (DPB).

### 3.3 User Profiles

Each unique user of the system is described in this section. User types can be as divergent as gurus and novices. For example, a guru might need a sophisticated, flexible tool with cross-platform support, while a novice might need a tool that is intuitive based upon prescribed standards. No attempt is made in this section to distinguish between the different users' requirements.

#### 3.3.1 In-Scope Agency Financial Management (FM) Staff

<b>User Type Name</b>	In-Scope Agency FM Staff
<b>Representative</b>	In-Scope Agency FM Staff from any agency who manages financial activities
<b>Description</b>	The In-Scope Agency FM Staff is involved in supporting general accounting activities.
<b>Type</b>	The In-Scope Agency FM Staff is a user of the system
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Support general accounting activities</li> <li>Provide customer service to agencies and employees</li> </ul>
<b>Success Criteria</b>	<ul style="list-style-type: none"> <li>VEAP performs integrated financial functions as designed, eliminating duplicate and redundant data entry</li> <li>The system is usable by trained staff</li> <li>Complete accurate procedures and training are available</li> <li>Data captured in a timely manner to be used by central accounting staff</li> <li>Training covers how to use the system for work-related tasks</li> <li>Security and workflow are set properly and work as designed</li> <li>Reports are timely</li> <li>Ability to retire legacy financial management systems</li> </ul>
<b>Involvement</b>	<ul style="list-style-type: none"> <li>Provide knowledge as needed in relation to business processes</li> <li>Streamline agency specific general accounting policies, procedures and business processes</li> <li>Participate in User Acceptance Testing</li> </ul>

#### 3.3.2 Department of Accounts (DOA)

<b>User Type Name</b>	Department of Accounts (DOA)
<b>Representative</b>	Department of Accounts (DOA) employees involved in general accounting and financial reporting
<b>Description</b>	The staff of the central financial accounting agency for the Commonwealth, specifically those in the General Accounting and Financial Reporting Units, is involved in supporting general accounting and CAFR activity.
<b>Type</b>	DOA administers the system and prepares the CAFR
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Provide financial leadership for the Commonwealth and its workforce</li> <li>Develop and administer policies and programs for the management of general accounting</li> <li>Maintain the general ledger for the Commonwealth and produce all central information for cash, modified accrual, and full accrual basis accounting, budget monitoring and Appropriation Act compliance</li> <li>Carry out activities such as payments to localities, interest calculations and cash reconciliation (between DOA and Treasury)</li> </ul>
<b>Success Criteria</b>	<ul style="list-style-type: none"> <li>VEAP performs integrated financial functions as designed, eliminating duplicate and redundant data entry.</li> <li>The system is usable by trained staff</li> <li>Complete accurate procedures and training are available</li> <li>Training covers how to use the system for work-related tasks</li> <li>Security and workflow are set properly and work as designed</li> <li>Streamlined general accounting policies and processes are easy to implement, enforce, and monitor</li> <li>Reports are timely</li> <li>Ability to retire legacy financial management systems</li> </ul>

<b>User Type Name</b>	Department of Accounts (DOA)
<b>Involvement</b>	<ul style="list-style-type: none"> <li>• Provide knowledge as needed in relation to business processes</li> <li>• Streamline agency specific general accounting policies, procedures and business processes</li> <li>• Participate in User Acceptance Testing</li> </ul>

### 3.3.3 Auditor of Public Accounts (APA)

<b>User Type Name</b>	Auditor of Public Accounts (APA)
<b>Representative</b>	Employees from the Auditor of Public Accounts
<b>Description</b>	Auditor of Public Accounts is the independent auditor for the Commonwealth of Virginia.
<b>Type</b>	The Auditor of Public Accounts is an occasional user of the system
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>• Conduct audits of state agencies as well as the offices of local government</li> <li>• Develop and issue Audit and Special Reports, Comparative Cost Reports, and Quarterly Reports</li> <li>• Support Governmental Accounting Standards Board (GASB) 34 reporting</li> </ul>
<b>Success Criteria</b>	<ul style="list-style-type: none"> <li>• The system is usable by trained staff</li> <li>• System provides data for an audit</li> </ul>
<b>Involvement</b>	<ul style="list-style-type: none"> <li>• Independent review</li> </ul>

### 3.3.4 Department of Planning and Budget (DPB)

<b>User Type Name</b>	Department of Planning and Budget (DPB)
<b>Representative</b>	DPB budget staff
<b>Description</b>	DPB staff is involved in budget execution.
<b>Type</b>	DPB administers the appropriation and allotment controls within the system
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>• Provide budget leadership for state agencies</li> <li>• Operation of a system of budgetary execution to ensure that agency activities are conducted within fund limitations provided in the appropriation act and in accordance with gubernatorial and legislative intent</li> </ul>
<b>Success Criteria</b>	<ul style="list-style-type: none"> <li>• VEAP performs integrated financial functions as designed, eliminating duplicate and redundant data entry</li> <li>• The system is usable by trained staff</li> <li>• Complete accurate procedures and training are available</li> <li>• Training covers how to use the system for work-related tasks</li> <li>• Security and workflow are set properly and work as designed</li> <li>• Reports are timely</li> <li>• Ability to retire legacy financial management systems</li> </ul>
<b>Involvement</b>	<ul style="list-style-type: none"> <li>• Provide knowledge as needed in relation to business processes</li> <li>• Streamline agency specific general accounting policies, procedures and business processes</li> <li>• Participate in User Acceptance Testing</li> </ul>

## 3.4 Stakeholder Summary

The following section provides a list of the groups/parties which can either affect or can be affected by the Commonwealth's actions in relation to the business processes within Financial Management. The table that follows additionally provides information about the type of influence the stakeholder may have, their needs and expectations, success criteria, key challenges/issues/concerns associated with the stakeholder, as well as the risk of not addressing their needs/expectations, and the stakeholder's general interest in the VEAP.

## 3.5 Appendix B - Stakeholder Profiles

## 4. Key Product Requirements

While the detailed business and system requirements for the *Financial Management - General Accounting* business process are contained within Appendix A, this section emphasizes several high level general accounting requirements.

**Single integrated solution:** The requirement to implement an enterprise wide system that allows seamless workflow between business process areas. This will help decrease the amount of redundant data entry and improve efficiencies.

**Robust reporting:** The requirement to provide more timely and enhanced reporting increases agencies ability to make informed financial decisions. The reporting capabilities must provide the ability to analyze expenditures and revenues on a monthly, quarterly, and annual basis. It must also provide the ability to compare allocated budgets with actual expenditures and revenues.

**Accommodate multiple basis of accounting:** The requirements identify the need to accommodate cash, modified accrual, and full accrual basis of accounting.

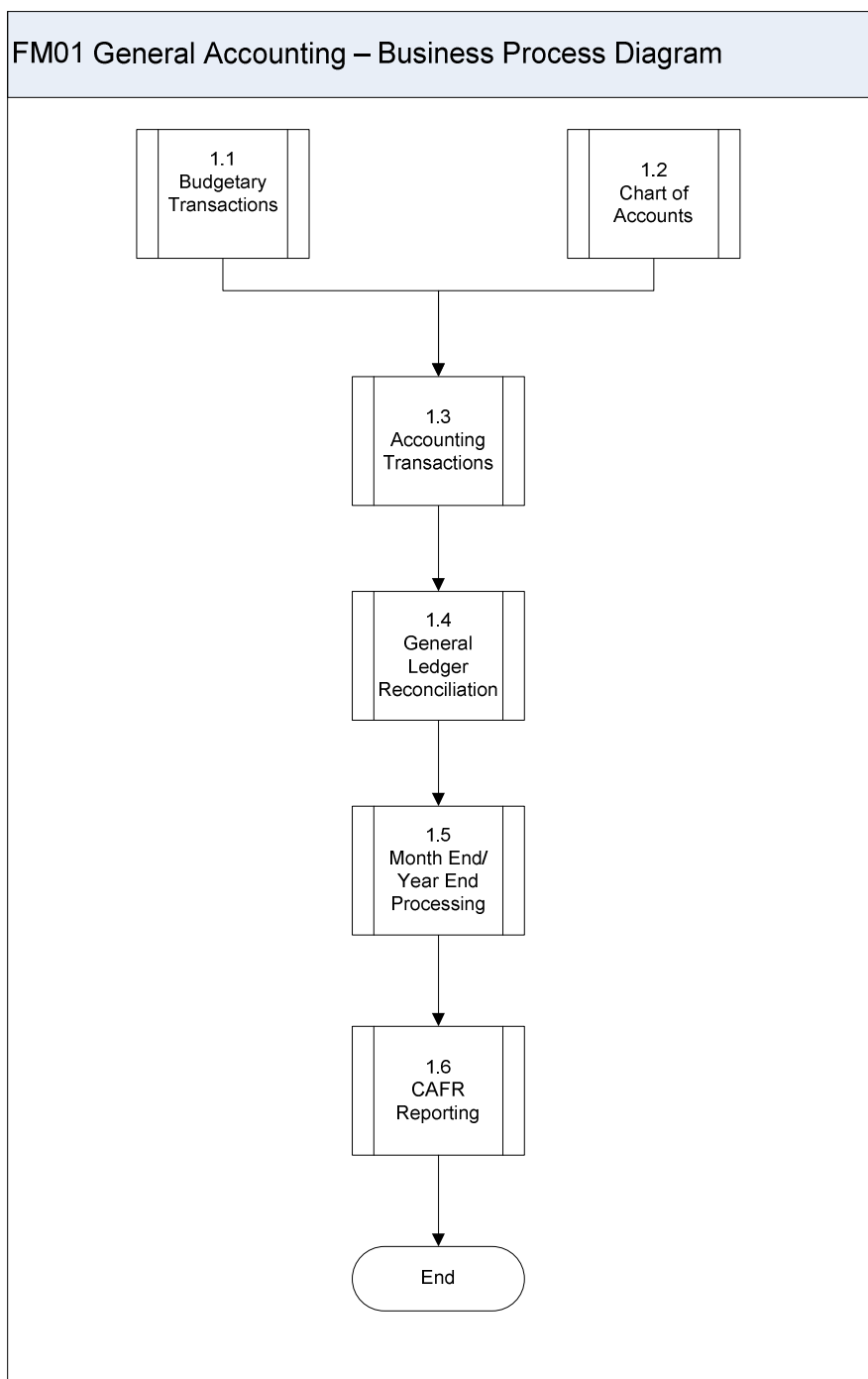
**Standard data classification structure:** The requirements identify the need to define a standard data classification structure (chart of accounts). A standard coding structure, elements of which can be used across agencies, will facilitate statewide reporting which is sufficient to support agency and central needs.

**Support financial reporting:** The requirements identify the need to support CAFR, monthly, quarterly, Cash Management Improvement Act (CMIA), and federal reporting. An integrated system will assist with CAFR reporting as a greater amount of information will be available from within the system.

## 5. Process Thread Summary

This section lists the process threads related to *Financial Management - General Accounting*. It provides a general description of the business process and lists governing regulations and policy or procedures related to General Accounting.

### Exhibit 3 – FM01 General Accounting – Business Process Flow



Number	Business Thread Name	Description of Business Process Thread	Governing Regulations/Policy
FM01-1.1	Budgetary Transactions	<p>Appropriations are the legal spending authority for state agencies and are regulated through the use of allotments.</p> <p>Function, Subfunctions, and Programs are centrally controlled. Budget controls are set to assure agencies do not exceed their spending authority, at the fund, program, and capital project levels.</p> <p>Revenue estimate budgets allow agencies to track actual to budget for revenues.</p> <p>Budget transactions are processed and reported through automated transactions. Transfers, adjustments and revisions are processed through DBP.</p>	<ul style="list-style-type: none"> <li>• CAPP Manual, Topic 20105</li> <li>• Code of Virginia, Section 2.2-1822</li> <li>• Appropriation Act, <ul style="list-style-type: none"> <li>Part 1: Operating Expenses</li> <li>Part 2: Capital Project Expenses</li> <li>Part 3: Miscellaneous</li> <li>Part 4: General Provisions</li> </ul> </li> <li>• Code of Virginia, Section 2.2-1501</li> </ul>
FM01-1.2	Chart of Accounts	The chart of accounts provides an accounting structure and sets hierarchies and rollups for financial data elements. This aids in recording and reporting of accounting information.	<ul style="list-style-type: none"> <li>• CAPP Manual, Topic 60101</li> <li>• Code of Virginia</li> </ul>
FM01-1.3	Accounting Transactions	<p>This process thread seeks to collect and manage information so that it can be used to provide meaningful data to aid with accounting analysis. Based upon system controls, edit, cash and budget checks, transactions can then be set up to post directly to the ledgers or to workflow for review and approval, prior to posting.</p> <p>The various types of transactions discussed here include:</p> <ul style="list-style-type: none"> <li>• online journal entries,</li> <li>• business process area integration journal entries, and</li> <li>• interfaced journal entries from legacy systems and the state payroll system (CIPPS).</li> </ul>	<ul style="list-style-type: none"> <li>• CAPP Manual, Topic 20405</li> <li>• CAPP Manual, Topic 20410</li> </ul>

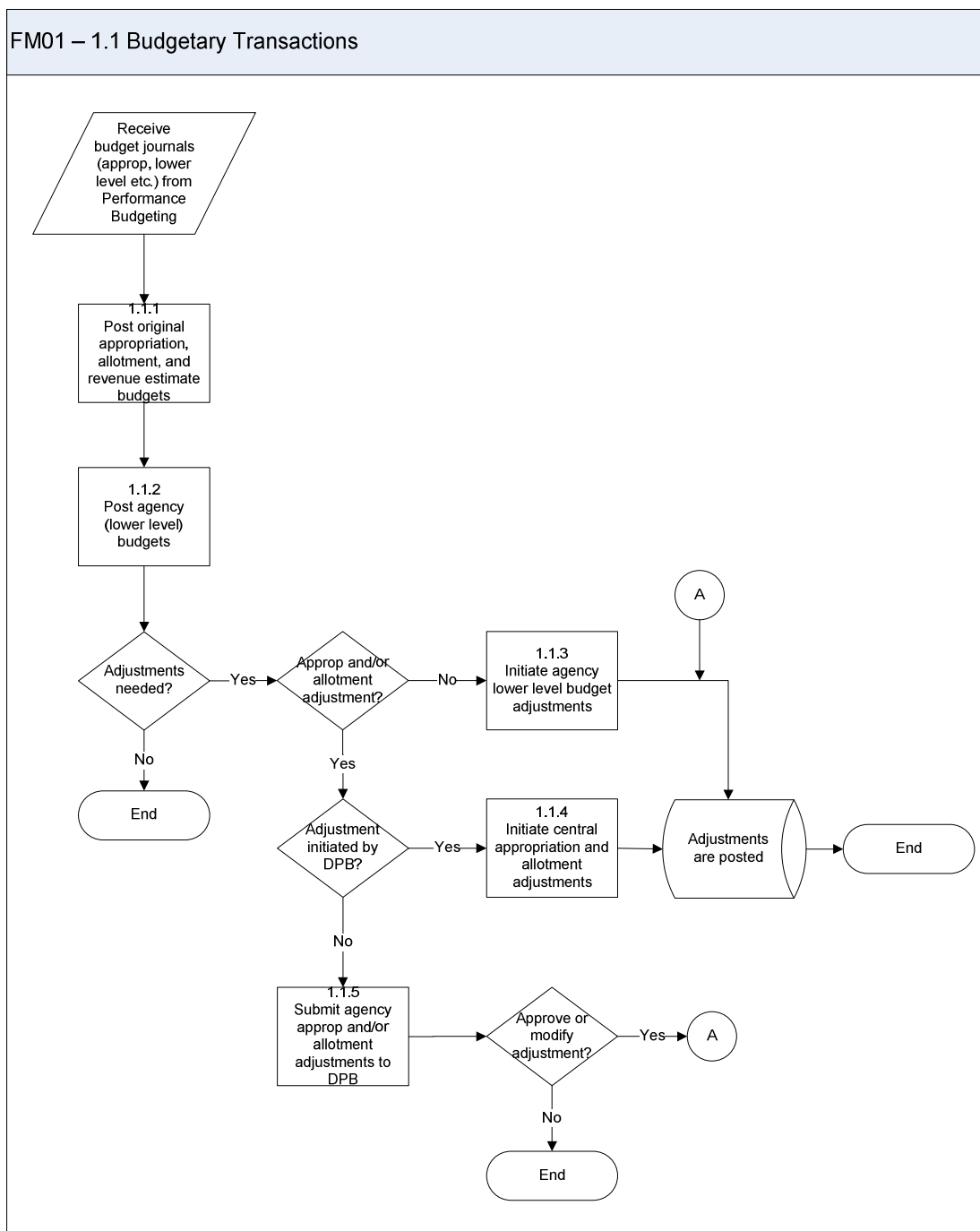
Number	Business Thread Name	Description of Business Process Thread	Governing Regulations/Policy
FM01-1.4	General Ledger Reconciliation	The reconciliation process is carried out to maintain accuracy of data and accounting records in the system and to ensure that the data can be reconciled to system reports.	<ul style="list-style-type: none"> <li>• CAPP Manual, Topic 20905</li> <li>• CAPP Manual, Topic 20910</li> </ul>
FM01-1.5	Month End and Year End Processing	<p>During month end processing, financial transactions are finalized and the accounting period is closed.</p> <p>During year end processing, financial transactions are finalized, year end processes are run to close and carry forward balances and the accounting period and fiscal year are closed.</p>	<ul style="list-style-type: none"> <li>• CAPP Manual, Section 20905</li> <li>• Appropriation Act</li> </ul>
FM01-1.6	CAFR Reporting	CAFR Reporting is the process of preparing agency financial reports and the Commonwealth CAFR utilizing cash, modified accrual, and full accrual information from the system.	<ul style="list-style-type: none"> <li>• GASB</li> <li>• Code of Virginia</li> </ul>

## 6. Process Thread Detail Description

This section describes each process thread above with a more detailed description.

### 6.1 Budgetary Transactions

#### Exhibit 4 – FM01 General Accounting – Budgetary Transactions





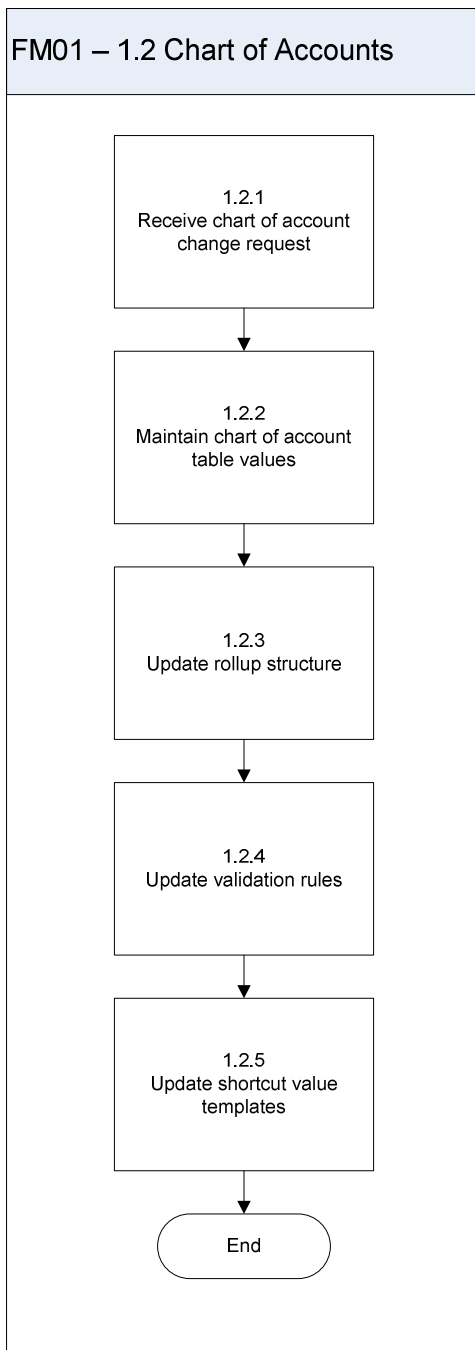
FM01-1.1 – Process Thread Description – Budgetary Transactions	
Process Description:	Budgetary transactions is the execution of the approved budget. The process contains two levels. One at the appropriation level and another lower level budget for agency specific needs.
Improvement Opportunities:	<ul style="list-style-type: none"> <li>• Reduce the amount of redundancies in the budget process</li> <li>• Provide more transparency in the budget process</li> <li>• Automated rules based workflow will greatly improve process flow</li> </ul>
Legal/Policy Reform Impacts:	<ul style="list-style-type: none"> <li>• CAPP Manual</li> </ul>
Organization/People Impacts:	<ul style="list-style-type: none"> <li>• Reduce staff time spent entering and updating budget information</li> <li>• Retraining of staff may require new job descriptions</li> </ul>
Assumptions:	<ul style="list-style-type: none"> <li>• General Accounting will receive both the appropriation level and agency level budgets from Performance Budgeting.</li> <li>• Budget adjustments will be captured in the General Accounting of the ERP and fed back to Performance Budgeting.</li> </ul>
Access Methods:	Web browser
System Interfaces:	<ul style="list-style-type: none"> <li>• Performance Budgeting System</li> <li>• VITA's Budget System</li> <li>• VDOT's Budget System</li> </ul>

Process Details			
ID	Step	Description	Detailed Steps
1.1.1	Post original appropriation, allotment, and revenue estimate budgets	The original appropriation, allotment, and revenue estimate budget file is posted. General Fund appropriations require that cash is posted to the agency.	<p>Step 1: Original appropriation and allotment budget file is posted.</p> <p>Step 2: Revenue estimate budget is posted.</p> <p>Step 3: For general fund transactions, cash is posted to the system for the agency.</p>
1.1.2	Post agency (lower level) budgets	<p>Agency (lower level) budget details are posted.</p> <p>Lower level budget adjustments are initiated by the agency.</p> <p>Appropriation level adjustments are either requested by the agency for DPB approval or initiated by DPB.</p>	<p>Step 1: Agency (lower level) budget file is posted.</p>
1.1.3	Initiate agency lower level budget adjustments	Agencies initiate lower level budget adjustments into the system.	<p>Step 1: Agencies adjust lower level budgets.</p> <p>Step 2: Agencies determine at what level to control and track budget amounts.</p> <p>Step 3: Adjustment/transfer is entered into system.</p>
1.1.4	Initiate central appropriation and allotment adjustments	DPB initiates and enters central appropriation and allotment adjustments.	<p>Step 1: DPB initiates adjustment/transfer.</p> <p>Step 2: Adjustment/transfer is approved by DPB.</p> <p>Step 3: Adjustment/transfer is entered into the system.</p> <p>Step 4: For general fund transactions, cash is posted to the system for the agency.</p>

		Process	Details
1.1.5	Submit agency appropriation and/or allotment adjustments to DPB	Agency requests appropriation and/or allotment adjustments/transfers. These requests can be approved, denied, or modified by DPB. Approved adjustments are entered into the system.	Step 1: Agency Analyst initiates adjustment/transfer. Step 2: Adjustment/transfer is approved, denied, or modified by DPB. Step 3: Adjustment/transfer is entered into the system. Step 4: For general fund transactions, cash is posted to the system for the agency.

## 6.2 Chart of Accounts

### Exhibit 5 – FM01 General Accounting – Chart of Accounts



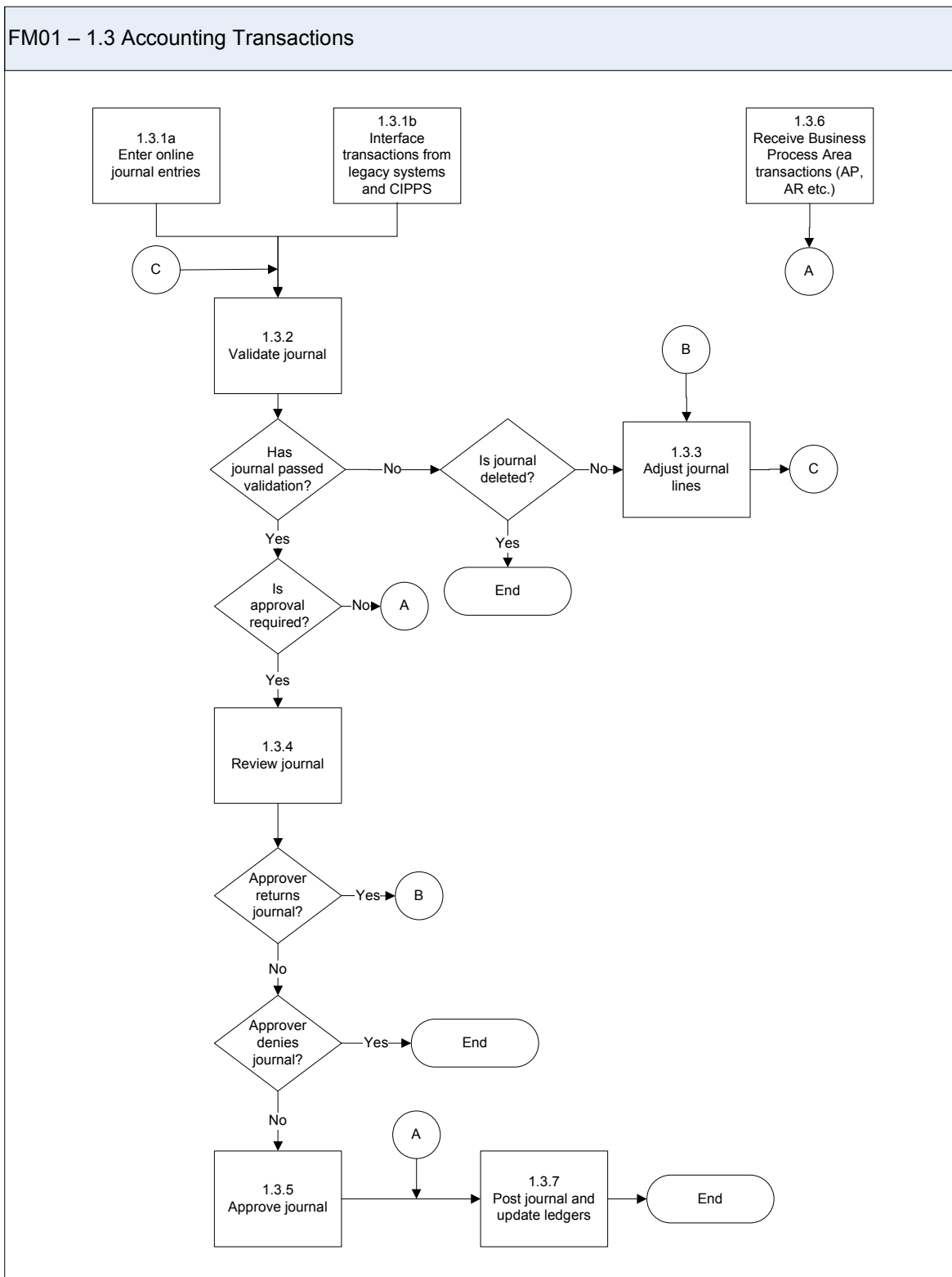
FM01-1.2 – Process Thread Description – Chart of Accounts	
Process Description:	Chart of Accounts (COA)
Improvement Opportunities:	<ul style="list-style-type: none"> <li>• Use of a common chart of account elements across systems</li> <li>• Uniformity of recording data and using it for reporting</li> <li>• Chart of account elements that are flexible enough to be used centrally and by agencies</li> <li>• Hierarchies and rollups for improved CAFR reporting, performance budgeting, and lower level agency budgets</li> <li>• Common, expanded and flexible accounts classification structure to support cash, modified accrual, and full accrual accounting</li> </ul>
Legal/Policy Reform Impacts:	<ul style="list-style-type: none"> <li>• CAPP Manual</li> </ul>
Organization/People Impacts:	<ul style="list-style-type: none"> <li>• Training needed on the system's new policies and procedures</li> <li>• Retraining of staff may require new job descriptions</li> </ul>
Assumptions:	The group responsible for maintaining the chart of account elements and values will be determined in a later phase.
Access Methods:	Web browser
System Interfaces:	<ul style="list-style-type: none"> <li>• DOA's Payroll System</li> <li>• VDOT's Route and Structure System</li> <li>• eVA</li> <li>• U.S. Census Bureau</li> <li>• Performance Budgeting System</li> <li>• VITA's Budget System</li> <li>• VDOT's Budget System</li> </ul>

Process Details			
ID	Step	Description	Detailed Steps
1.2.1	Receive chart of account change request	Chart of account change requests are received, validated, and authorized. If not properly authorized, requests are returned to the requestor.	Step 1: Receive COA add/update request via workflow or interface Step 2: Verify request does not violate chart of account rules Step 3: Verify the change is authorized Step 4: If not properly authorized then the request is returned to the requestor
1.2.2	Maintain chart of account table values	Chart of account values are added or updated utilizing effective dating using the system entry screens.	Step 1: COA values added or updated Step 2: Effective dating utilized to track changes to the chart of account table values
1.2.3	Update rollup structure	Rollup structures, used to compile reporting information, are updated to reflect chart of account value additions/modifications.	Step 1: Determine which rollup structures are affected Step 2: Determine what part of structure needs updating Step 3: Update rollup structure

Process Details			
ID	Step	Description	Detailed Steps
1.2.4	Update validation rules	Account combination validation rules are updated to reflect chart of account value additions/modifications.	Step 1: Determine which rules are affected Step 2: Determine what part of rule needs updating Step 3: Update validation rules
1.2.5	Update shortcut value templates	All associated shortcut templates are updated to reflect chart of account value additions/modifications. Shortcut templates are used to aid in entering transactional data by populating predetermined chart of account values.	Step 1: Determine which shortcut templates are affected Step 2: Create a new shortcut template if necessary Step 3: Update shortcut value templates

## 6.3 Accounting Transactions

### Exhibit 6 – FM01 General Accounting – Accounting Transactions



FM01-1.3 – Process Thread Description – Accounting Transactions	
Process Description:	Accounting Transactions
Improvement Opportunities:	<ul style="list-style-type: none"> <li>• An increase in standardized procedures across the system</li> <li>• Improved CAFR reporting based on accrual based ledgers</li> <li>• Online audit capabilities are enhanced through tracking facilities that match the ledger to journal lines and journal lines to source documents</li> </ul>
Legal/Policy Reform Impacts:	<ul style="list-style-type: none"> <li>• CAPP Manual</li> </ul>
Organization/People Impacts:	<ul style="list-style-type: none"> <li>• Training needed on the system's new policies and procedures</li> <li>• Retraining of staff may require new job descriptions</li> </ul>
Assumptions:	<ul style="list-style-type: none"> <li>• Allocations will be documented by the Cost Accounting Core Team.</li> </ul>
Access Methods:	Web Browser
System Interfaces:	<ul style="list-style-type: none"> <li>• DOA's Payroll System</li> <li>• Non-Phase 1 Agency Systems</li> <li>• VITA's Dashboard</li> <li>• VDOT's Dashboard</li> <li>• VDOT's Inventory System</li> <li>• VDOT's Fuel System</li> <li>• U.S. Census Bureau</li> <li>• Reporting System</li> <li>• Imaging System</li> <li>• Performance Budgeting System</li> <li>• VITA's Budget System</li> <li>• VDOT's Budget System</li> </ul>

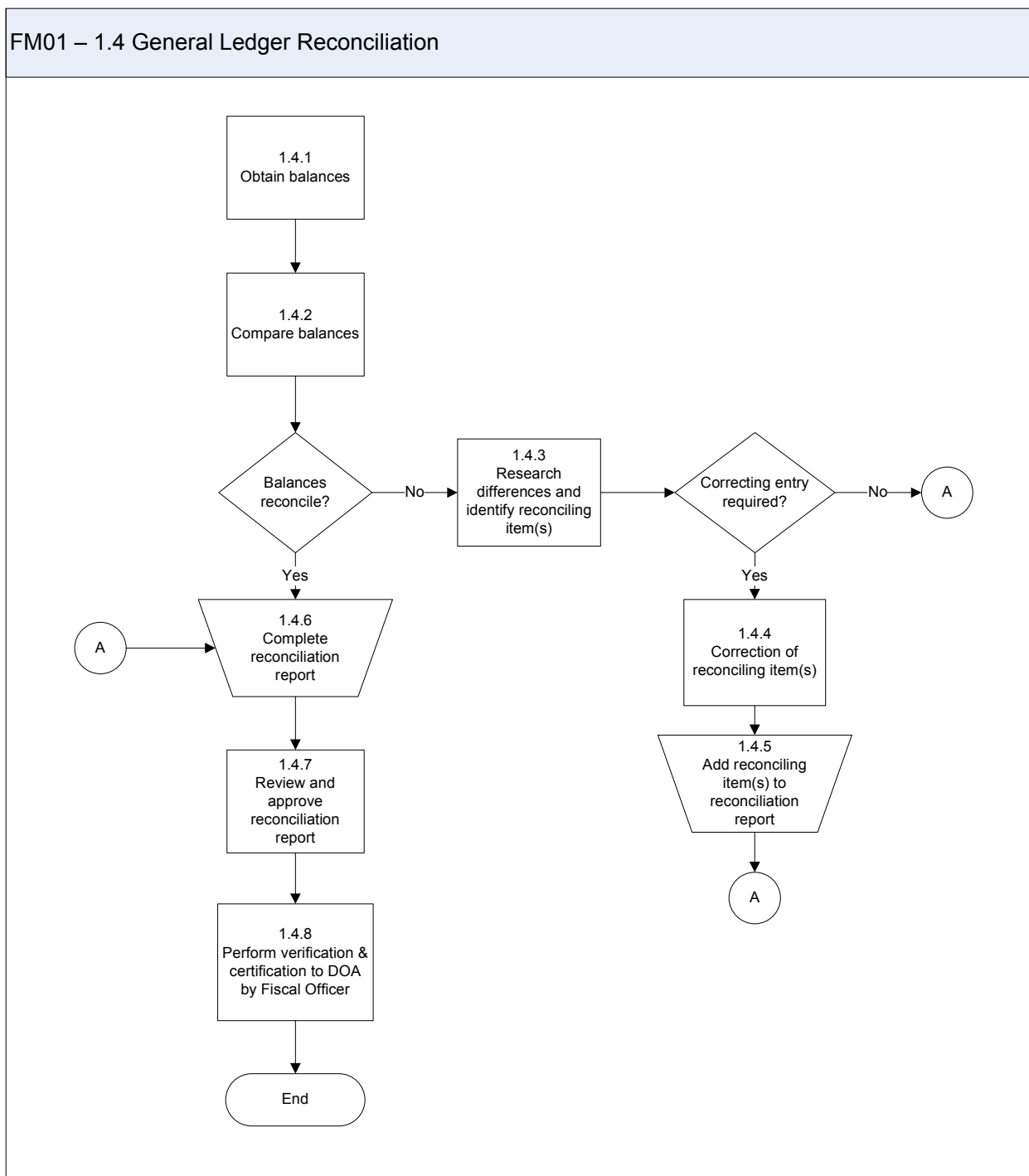
Process Details			
ID	Step	Description	Detailed Steps
1.3.1a	Enter online journal entries	Journal data is entered via online journal entry (including uploaded entries)	Step 1: Online journal entries are entered.
1.3.1b	Interface transactions from legacy systems and CIPPS	Journal data is received in general accounting via interface transactions (note: some transactions do not require approval for posting)	Step 1: Interface data is loaded.
1.3.2	Validate journal	Journals are edited and budget checked and verified that there is cash available to process the transaction.	Step 1: Edit check is performed. Step 2: Budget check is performed. Step 3: Available cash check is performed.
1.3.3	Adjust journal lines	Journals that are adjusted/changed will go back through the validation process.	Step 1: If a journal has not passed validation there are two options: Step 2: It could be deleted, or Step 3: It could be adjusted. Step 4: If adjusted, the journal will go back through the validation process.

		Process	Details
ID	Step	Description	Detailed Steps
1.3.4	Review journal	The journal is work flowed to the appropriate approver to be reviewed. The approver reviews the journal and any supporting documentation and then has the option to return, deny or approve the journal.	<p>Step 1: If journal approval is required, the journal is sent to the approver.</p> <p>Step 2: If journal approval is not required because the transaction is already approved, then the journal can be posted without going through an additional approval.</p> <p>Step 3: If a journal is returned by the approver, the journal is work flowed to the appropriate person for adjustment.</p> <p>Step 4: The adjusted journal will then go back though the validation process.</p> <p>Step 5: If a journal is denied the transaction ends and the journal will not be posted.</p>
1.3.5	Approve journal	If journal approval is required, the journal entry must be approved via workflow prior to posting.	Step 1: Once the journal is approved, the journal is then ready to be posted to the ledger.
1.3.6	Receive business process area transactions	Journal data is received in general accounting from other business process areas within the system.	Step 1: Business process area (subledger) journal entries are received from other process areas.
1.3.7	Post journal and update ledgers	When journals are posted the data is summarized to the appropriate ledger.	<p>Step 1: Journal entries are posted.</p> <p>Step 2: Ledgers are updated.</p>



## 6.4 General Ledger Reconciliation

### Exhibit 7 – FM01 General Accounting – General Ledger Reconciliation



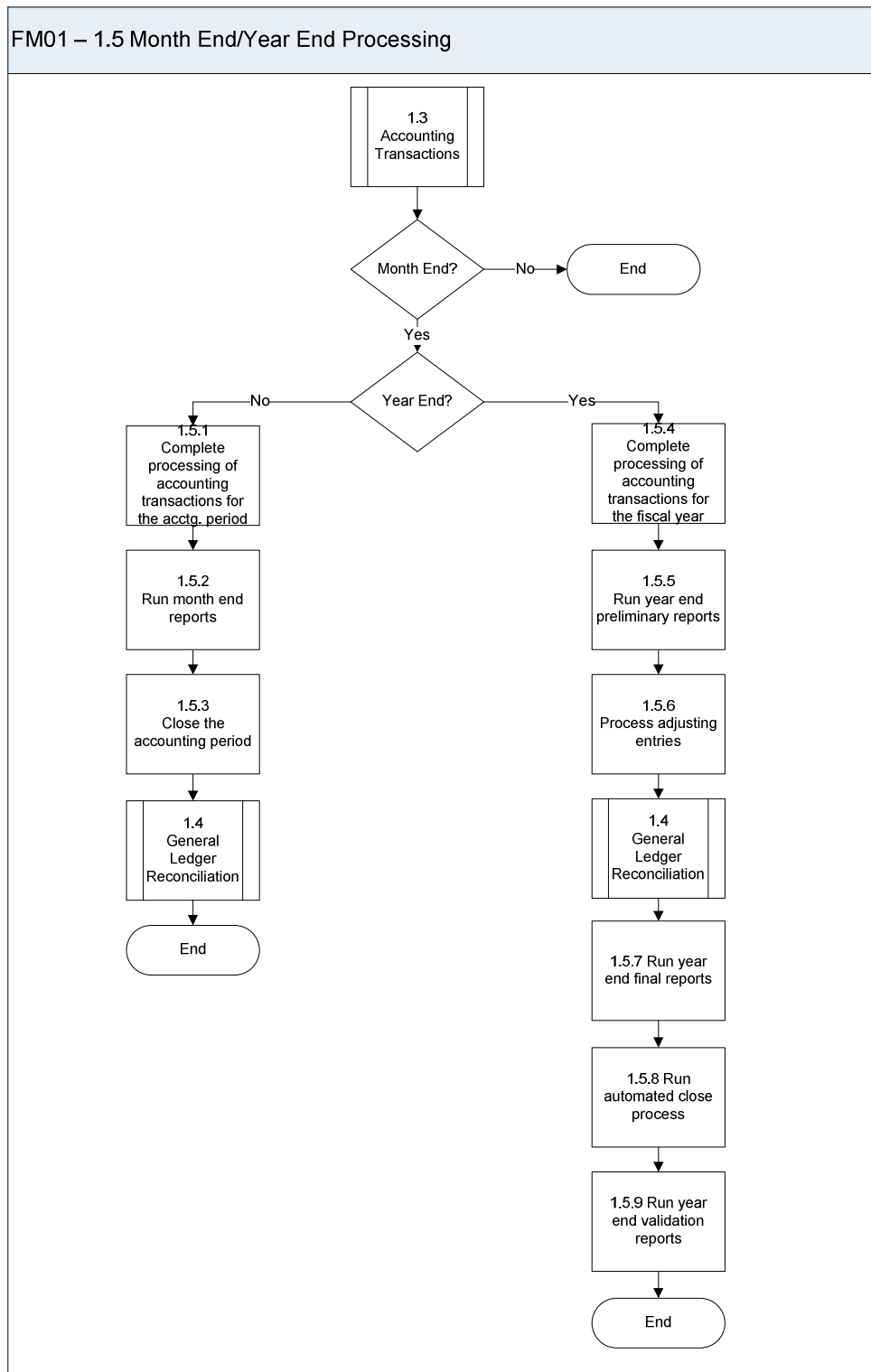
FM01-1.4 – Process Thread Description – General Ledger Reconciliation	
Process Description:	General Ledger Reconciliation
Improvement Opportunities:	<ul style="list-style-type: none"> <li>The reconciliation process will be more streamlined with the existence of an integrated system as it will reduce the effort involved in obtaining and reconciling data from external systems.</li> <li>An integrated system will reduce the amount of paperwork associated with the reconciliation process.</li> <li>Efficient means of reconciliation will provide better audit trails.</li> </ul>
Legal/Policy Reform Impacts:	<ul style="list-style-type: none"> <li>CAPP Manual</li> </ul>
Organization/People Impacts:	<ul style="list-style-type: none"> <li>Training needed on the system's new policies and procedures</li> <li>Retraining of staff may require new job descriptions</li> </ul>
Assumptions:	System will provide notification on a module out of balance situation. Integrated workflow is used.
Access Methods:	Web browser
System Interfaces:	None identified

Process Details			
ID	Step	Description	Detailed Steps
1.4.1	Obtain balances	General ledger and subledger balances are obtained after the accounting period is closed.	Step 1: Obtain general ledger balances after the accounting period is closed Step 2: Obtain subledger balances after the accounting period is closed
1.4.2	Compare balances	General ledger and subledger balances are compared to identify variances.	Step 1: Compare balances of the general ledger to subledgers
1.4.3	Research differences and identify reconciling items	If the general ledger and subledger balances do not match, detailed activity is reviewed to identify reconciling items.	Step 1: If balances do not agree, pull detailed level data Step 2: Research differences Step 3: Identify reconciling items
1.4.4	Correction of reconciling items	Reconciling items are analyzed to determine action needed. If necessary, a correcting entry to the general ledger or subledger is prepared.	Step 1: Determine if reconciling item is a timing difference Step 2: If not due to timing, determine if general ledger or subledger needs correcting Step 3: Prepare correcting entry
1.4.5	Add reconciling items to reconciliation report	Reconciling items are added to the reconciliation report.	Step 1: Add reconciling items to the reconciliation report
1.4.6	Complete reconciliation report	The reconciliation report is compiled which summarizes the results of the reconciliation and research.	Step 1: Complete the reconciliation report

		Process	Details
ID	Step	Description	Detailed Steps
1.4.7	Review and approve reconciliation report	The reconciliation report is reviewed and approved.	Step 1: Submit reconciliation to reviewer Step 2: Obtain approval from reviewer
1.4.8	Perform verification & certification to DOA by Fiscal Officer	The reconciliation report is certified by the Fiscal Officer and submitted to DOA.	Step 1: Complete management level analytical review Step 2: Certify reconciliation report and submits to DOA

## 6.5 Month End/Year End Processing

### Exhibit 8 – FM01 General Accounting – Month End/Year End Processing



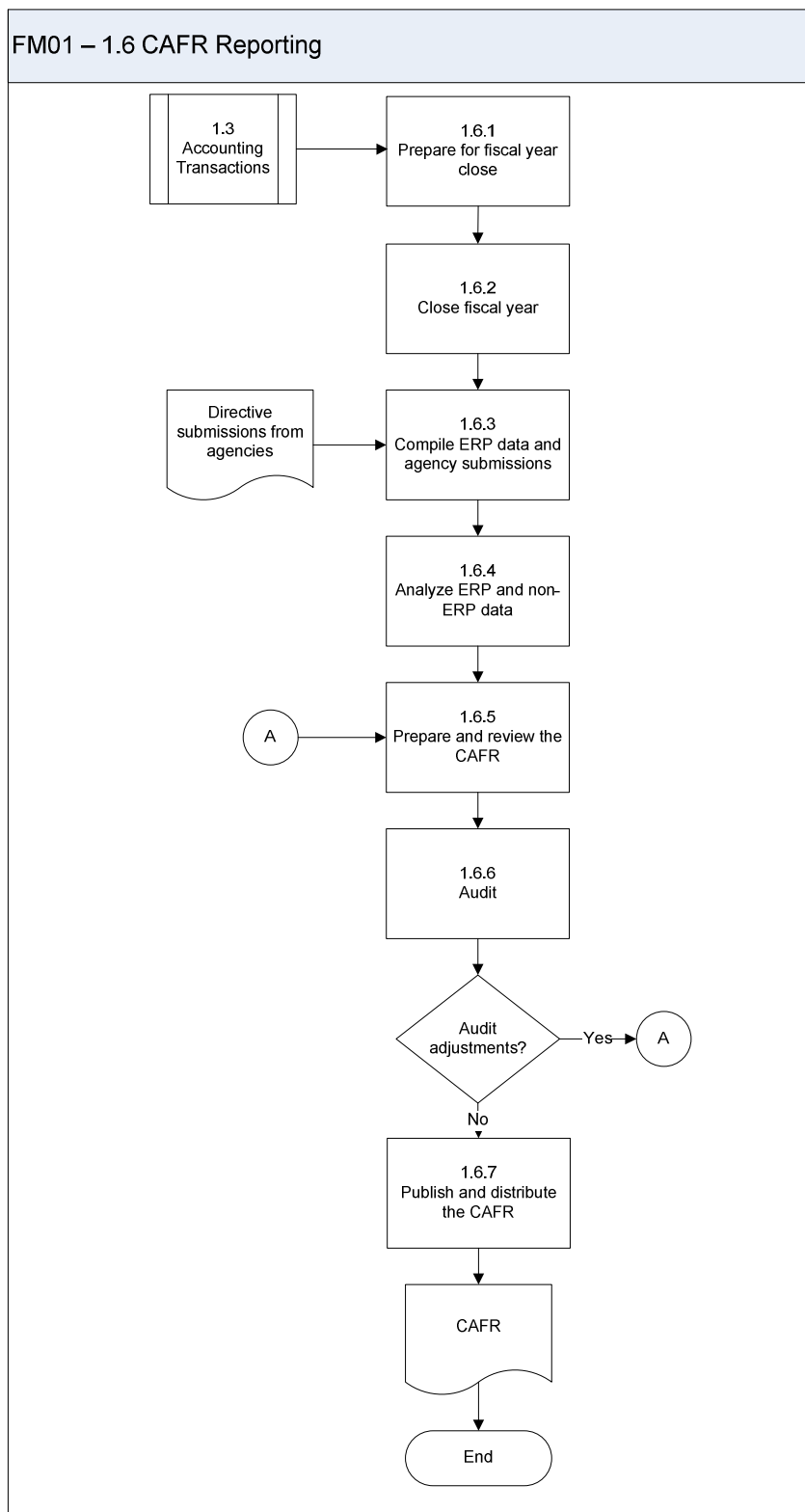
FM01-1.5 – Process Thread Description – Month End/Year End Processing	
Process Description:	<p>Month end processing is carried out to finalize the financial transactions for the period. The open periods are determined and set to control posting activity.</p> <p>Year end processing activities include recording journal entries for the year, roll forward of ledger balances, and the carry forward of capital outlay appropriations.</p>
Improvement Opportunities:	<ul style="list-style-type: none"> <li>Improve the efficiency and automation of the year end closing process</li> </ul>
Legal/Policy Reform Impacts:	<ul style="list-style-type: none"> <li>CAPP Manual</li> </ul>
Organization/People Impacts:	<ul style="list-style-type: none"> <li>Training needed on the system's new cut off dates, policies and procedures</li> <li>Retraining of staff may require new job descriptions</li> </ul>
Assumptions:	No major change in current procedures for year end processing of payments.
Access Methods:	Web Browser
System Interfaces:	None identified

Process Details			
ID	Step	Description	Detailed Steps
1.5.1	Complete processing of accounting transactions for the accounting period	Month end processing is completed to finalize the financial transactions for the period.	<p>Step 1: Process all remaining journals from other business process areas for the accounting period</p> <p>Step 2: Process month end adjustments and journal entries</p>
1.5.2	Run month end reports	Month end reports are generated and analyzed.	<p>Step 1: Generate monthly trial balances and other month end reports</p> <p>Step 2: Analyze month end reports</p>
1.5.3	Close the accounting period	Subledger and general ledger accounting periods are closed.	<p>Step 1: Ensure all subledger accounting periods are closed</p> <p>Step 2: Close the general ledger accounting period</p>
1.5.4	Complete processing of accounting transactions for the fiscal year	Year end transactions are completed by individual agencies.	<p>Step 1: Process all remaining journals from other business process areas for June</p> <p>Step 2: Process month end adjustments and journal entries for June</p> <p>Step 3: Complete additional year end transactions</p> <p>Step 4: Ensure all subledger accounting periods are closed</p>
1.5.5	Run year end preliminary reports	Preliminary year end reports are generated and analyzed.	<p>Step 1: Run preliminary year end financial reports</p> <p>Step 2: Analyze preliminary year end financial reports</p>
1.5.6	Process adjusting entries	Year end adjusting entries are processed by individual agencies and statewide entries are processed by DOA.	<p>Step 1: Process year end adjusting entries</p>
1.5.7	Run year end final reports	Final year end reports are generated and analyzed.	<p>Step 1: Run final year end financial reports</p> <p>Step 2: Analyze final year end financial reports</p>

Process Details			
ID	Step	Description	Detailed Steps
1.5.8	Run automated close process	The automated close process is run to close operating accounts and carry forward balances as necessary. The accounting period/fiscal year is closed.	<p>Step 1: Carry forward capital outlay appropriations and allotments</p> <p>Step 2: Close operating and budgetary accounts to fund balances</p> <p>Step 3: Revert general fund cash from agencies to central agency</p> <p>Step 4: Carry forward encumbrances</p> <p>Step 5: Roll forward balance sheet balances</p> <p>Step 6: Adjust accounting calendars (automatically)</p> <p>Step 7: Close accounting period/fiscal year</p>
1.5.9	Run year end validation reports	Run year end validation reports to be used in verifying proper close and roll forward.	<p>Step 1: Validate correct carry forward balances</p> <p>Step 2: Verify correct closing of operating accounts and reversion of cash</p>

## 6.6 CAFR Reporting

### Exhibit 9 – FM01 General Accounting – CAFR Reporting



FM01-1.6 – Process Thread Description – CAFR Reporting	
Process Description:	CAFR Reporting
Improvement Opportunities:	<ul style="list-style-type: none"> <li>• Create an efficient reporting process</li> <li>• Increased flexibility in meeting reporting needs</li> <li>• Ability to easily generate real-time and on demand reports</li> <li>• Ability to easily generate historical reports</li> <li>• Integrate sub process systems and/or database for reporting needs</li> <li>• Electronic distribution of reports</li> </ul>
Legal/Policy Reform Impacts:	<ul style="list-style-type: none"> <li>• CAPP Manual</li> </ul>
Organization/People Impacts:	<ul style="list-style-type: none"> <li>• Training needed on the system's new policies and procedures</li> <li>• Retraining of staff may require new job descriptions</li> <li>• Significant effort and collaboration across agencies required</li> </ul>
Assumptions:	<ul style="list-style-type: none"> <li>• Historical data converted</li> <li>• Reporting includes downloads of system generated reports</li> <li>• Data warehouse for reporting of financial data</li> </ul>
Access Methods:	Web Browser
System Interfaces:	None identified

Process Details			
ID	Step	Description	Detailed Steps
1.6.1	Prepare for fiscal year close	Prepare for fiscal year close by insuring all activity is recorded and beginning fund balance is correct.	Step 1: Ensure all current year activity is recorded in the actuals ledger Step 2: Verify beginning fund balances
1.6.2	Close fiscal year	Close fiscal year relates to agencies posting all necessary entries to the various ledgers so agencies and DOA can generate needed reports.	Step 1: Close cash basis ledger Step 2: Generate reports Step 3: Post modified accrual entries (agencies) Step 4: Close modified accrual ledger Step 5: Generate modified accrual reports/extract data Step 6: Post full accrual entries (agencies) Step 7: Close full accrual ledger Step 8: Generate full accrual reports/extract data
1.6.3	Compile ERP data and agency submissions	Consolidate data from the ERP system and agency directive submissions.	Step 1: Receive ERP data/reports Step 2: Receive agency directive submissions Step 3: Compile ERP data and agency directive submissions
1.6.4	Analyze ERP and non-ERP data	Review and analyze compiled ERP and non-ERP data.	Step 1: Review and analyze compiled data for reasonableness, accuracy, and completeness Step 2: Extract detail data as needed for analysis
1.6.5	Prepare and review the CAFR	The first draft of the CAFR is prepared and reviewed.	Step 1: Summarize reviewed data Step 2: Generate adjusting journal entries, trial balances, footnotes, other supporting schedules, and the CAFR report Step 3: Review and approve compiled information

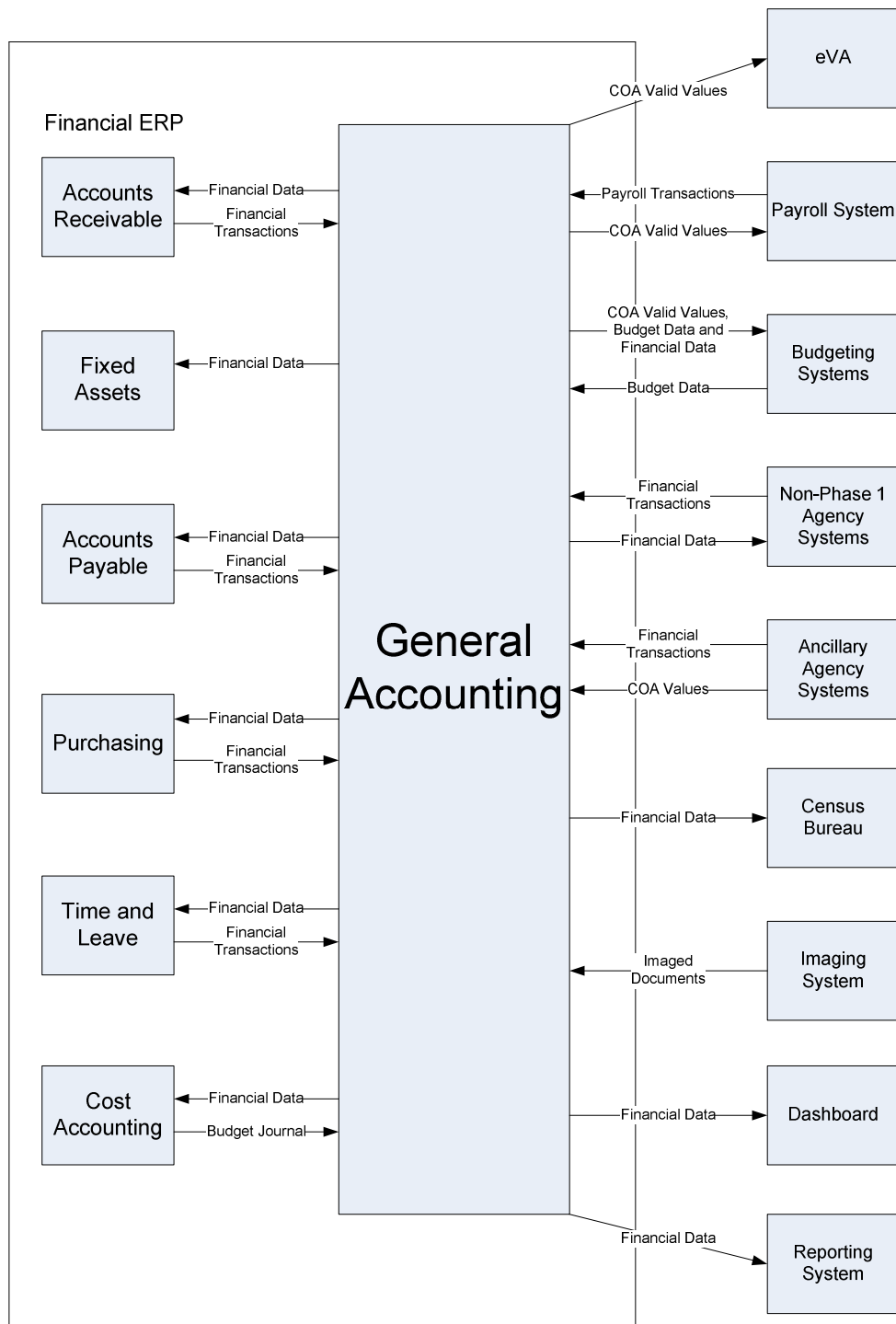


		Process	Details
ID	Step	Description	Detailed Steps
1.6.6	Audit	CAFR information is audited by APA and necessary audit adjustments are made.	Step 1: Provide CAFR information to APA for review Step 2: If necessary, make audit adjustments/corrections Step 3: Obtain audit opinion
1.6.7	Publish and distribute the CAFR	DOA publishes and distributes the finalized CAFR.	Step 1: Publish and distribute the CAFR

## 7. Data Flow Details

This section details the flows of data both in and out of the business process and will assist in identifying the new system's impact to existing systems and processes.

**Exhibit 10 – FM01 General Accounting – Data Flow Diagram**



<b>Data Flow Details</b>			
<b>Entity</b>	<b>Flow</b>	<b>Data Name</b>	<b>Description</b>
eVA System	Out	Chart of Account Valid Values and Combinations	Valid chart of account values and combinations are sent to eVA on a daily basis.
Department of Accounts Payroll System	In	Payroll Transactions	Payroll information and IAT transactions are received from DOA's Central Integrated Payroll/Personnel System (CIPPS).
Department of Accounts Payroll System	Out	Chart of Account Valid Values	Chart of account valid values are sent to DOA's Central Integrated Payroll/Personnel System (CIPPS) on a daily basis.
<u>Budgeting Systems:</u> Performance Budgeting (DPB) Annual Budget Development System (VDOT) EPM Planning & Budgeting System (VITA)	Out	Chart of Account Valid Values and Combinations	Valid chart of account values and combinations will be sent to each individual budget system on an as needed basis.
<u>Budgeting Systems:</u> Performance Budgeting (DPB) Annual Budget Development System (VDOT) EPM Planning & Budgeting System (VITA)	Out	Financial Data	Financial data- Expenditures and Revenues will be sent to each individual budget system on an as needed basis.
<u>Budgeting Systems:</u> Performance Budgeting (DPB) Annual Budget Development System (VDOT) EPM Planning & Budgeting System (VITA)	In	Budget Data	Budgets-Variou budgets (appropriation and lower level agency budgets) are received from each individual budget system.
<u>Budgeting Systems:</u> Performance Budgeting (DPB)	Out	Budget Data	Budget data (appropriation budget journals) which has been entered directly into general accounting is sent to Performance Budgeting.
Non-Phase 1 Agency Systems	In	Financial Transactions	Financial transactions are received daily from the VEAP non-phase 1 agencies.
Non-Phase 1 Agency Systems	Out	Financial Data	Financial data sent daily, weekly, and monthly to VEAP non-phase 1 agencies. (Replaces CARS history extracts).

<b>Data Flow Details</b>			
<b>Entity</b>	<b>Flow</b>	<b>Data Name</b>	<b>Description</b>
Ancillary Agency Systems: Virginia Department of Transportation AFMP (Automated Fuel Management Program) fuel system	In	Financial Transactions	Financial transactions are received to create journals in GA.
Ancillary Agency Systems: Virginia Department of Transportation IMS (Inventory Management System) inventory system	In	Financial Transactions	Financial transactions are received to create journals in GA.
Ancillary Agency Systems: Virginia Department of Transportation HTRIS (Highway and Traffic Records Information System) System	In	Route and Structure COA Values	Chart of account and shortcut values (route and structure) are received from VDOT's Highway and Traffic Records Information System (HTRIS) on a daily basis.
U.S. Census Bureau	Out	Financial Data	Financial data- Statewide expenditures are sent to the U.S. Census Bureau.
U.S. Census Bureau	Out	Financial Data	Financial data- Statewide revenues are sent to the U.S. Census Bureau.
U.S. Census Bureau	Out	Financial Data	Agency and chart of account values and descriptions are sent to the U.S. Census Bureau.
Imaging System	In	Imaged Documents	Imaged documents are linked to budget and regular journals and are online and real time.
Dashboard-Virginia Department of Transportation	Out	Financial Data	Financial data related to maintenance expenditures and financial summary reports are sent to VDOT's dashboard.
Dashboard- Virginia Information Technology Agency	Out	Financial Data	Financial and table maintenance set-up data are sent to VITA's dashboard.
Reporting System	Out	Financial Transactions	Daily interface sending financial transaction and budget data.

## 8. References

### 8.1 Information Sources

The documents that were used as references to the *Financial Management – General Accounting* business process are as follows:

- Enterprise Business Architecture (EBA) Line of Business 438 Financial Management
- Virginia Enterprise Application Architecture (VEAA) Initiative Section 3 Financial Management
- Due Diligence Deliverable Financial Management:
  - Financial Management Multiple Choice Responses
  - Financial Management Selected Text Responses
  - Financial Management Tower Summary
- Other State Requirements from Ohio, Tennessee, and Iowa
- Virginia Department of Transportation (VDOT) Financial Management System (FMS) Upgrade project requirements
- Commonwealth Accounting Policies and Procedures (CAPP):
  - 20000 – General Accounting
  - 30000 – Fixed Asset and Lease Accounting
  - 50000 – Payroll Accounting

### 8.2 Definitions, Acronyms and Abbreviations





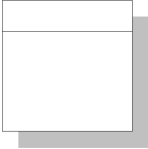





The terms defined for the *Financial Management – General Accounting* Future State Environment document are as follows:

Term	Definition
APA	Auditor of Public Accounts
CAFR	Comprehensive Annual Financial Report
Calendar	The calendar defines the beginning and ending date of the accounting periods.
CAPP	Commonwealth Accounting Policy and Procedures
CARS	Commonwealth Accounting and Reporting System
Cash basis accounting	Represents account and transaction balances recorded in the general ledger system resulting from actual cash transactions that have occurred.
Chart of Account Element	A chart of account element is comprised of information fields that provide the basic structure to segregate and categorize transactional and budget data (ex. fund, program, object/account).
Chart of Account Value	A list of codes for each element (ex. fund=0100, object/account=1123).
CIPPS	Central Integrated Payroll/Personnel System
CMIA	Cash Management Improvement Act
COA	Chart of Accounts

Term	Definition
COTS	Commercial off the Shelf
DBA	Department of Business Assistance
DCJS	Department of Criminal Justice Services
DCR	Department of Conservation and Recreation
DEM	Department of Emergency Management
DEQ	Department of Environmental Quality
DGS	Department of General Services
DLI	Department of Labor and Industry
DMAS	Department of Medical Assistance Services
DMSMRAS	Department of Mental Health, Mental Retardation and Substance Abuse Services
DMV	Department of Motor Vehicles
DOA	Department of Accounts
DOC	Department of Corrections
DOE	Department of Education
DJJ	Department of Juvenile Justice
DPB	Department of Planning and Budget
Drilldown	Drilldown refers to leaving the general ledger to view transactions in a subledger. If the subledger has been integrated to the general ledger then it is possible to drilldown to the transaction that created the information (ex. drill down from the AP integration journal entry to the AP voucher information).
DRS	Department of Rehabilitative Services
DSS	Department of Social Services
DVS	Department of Veterans' Services
EBA	Enterprise Business Architecture
EDI	Electronic Data Interchange
ERP	Enterprise Resource Planning
FAACS	Fixed Asset Accounting and Control System
FATS	Form 27 Automated Transaction System
FINDS	Financial Information Downloading System
FINSYS	Financial System
FM	Financial Management
Full accrual basis of accounting	Represents all revenues/receivables earned by the end of the reporting period and all expenses/liabilities owed as of the end of the reporting period.
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
IDSS	Integrated Decision Support System
Journal	This represents a journal entry which records the financial transactions of a business entity (ex. AP journal entry, AR journal entry, adjusting journal entry).


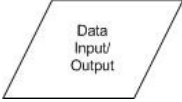
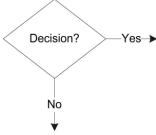


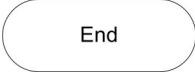
Term	Definition
Ledger (General)	The ledger is a classification and summarization of financial transactions and the basis for the preparation of the financial statements. The ledger also allows one to see the balance in a given account at a particular time (ex. budget, actuals, modified accrual, cash).
LVA	The Library of Virginia
Modified accrual basis of accounting	Represents revenues/receivables that are earned and received soon after the end of the reporting period, and expenditures/liabilities that are owed and paid soon after the reporting period. For CAFR reporting, “soon after the reporting period” is generally within 60 days after June 30.
PB	Performance Budgeting
SESA	State Employment Security Agency
Source	The source is the system or document that originated a financial transaction (ex. system source=AP, AR; source document=voucher, invoice).
SOW	Statement of Work
SOX	Sarbanes Oxley - Federal legislation mandating internal controls for publicly traded companies.
Subledger	The subledger integrates to the general ledger (ex. AP, AR, AM).
TD	Department of the Treasury
VCSP	Virginia College Savings Plan
VDACS	Virginia Department of Agriculture and Consumer Services
VDH	Virginia Department of Health
VDOT	Virginia Department of Transportation
VEAA	Virginia Enterprise Application Architecture
VEAP	Virginia Enterprise Applications Program
VEC	Virginia Employment Commission
VITA	Virginia Information Technology Agency
VSP	Virginia State Police
WebBEARS	Web based Budget Entry And Reporting System
Workflow	Workflow is the movement of documents and/or tasks through a business process. Workflow is the organization, routing and notification of a defined event via a paper or electronic document trail within the Commonwealth and across agencies. A workflow event does not necessarily require approval or action.

The definitions of the shapes used in the diagrams in Section 2 of the *Financial Management – General Accounting* Future State Environment document are as follows:


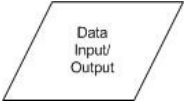
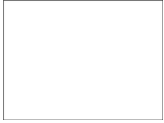
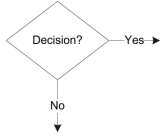


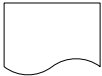

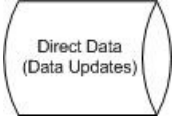
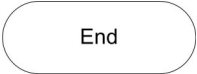
Diagram Shape	Definition
	Server symbol represents a server or feeder system transmitting data to or receiving from the main system.
	Main System represents mainframes or the future ERP solution.
	User/Manual interaction symbol.
	Paper document symbol.
	Application symbol.
	Required function symbol.
	Optional function symbol.
	Use the group box symbol around multiple symbols to simplify and/or emphasize functions specific to a group i.e. in-scope/out-of-scope agencies.
	Connector symbol is used to avoid crossing of lines and maintain flow going from left to right.
	Agency symbol is used to represent internal/external agencies or organizations involved in the process. It is unknown at this time if a system exists.





The definitions of the shapes used in the diagrams in Section 5 of the *Financial Management – General Accounting* Future State Environment document are as follows:

Diagram Shape	Definition
	Pre-defined Process symbol is used to represent the defined process threads.
	Data input/output symbol represents incoming or outgoing data.
	Decision symbol is used when the process requires a decision to proceed.
	Directional Arrow symbol is used to reflect flow from one symbol to the next.
	Connector symbol is used to avoid crossing of lines and maintain flow going from left to right.
	End Symbol is used to end the process.

The definitions of the shapes used in the diagrams in Section 6 of the *Financial Management – General Accounting* Future State Environment document are as follows:

Diagram Shape	Definition
	Pre-defined Process symbol is used to represent the defined process threads.
	Data input/output symbol represents incoming or outgoing data.
	Process symbol is used to represent the process thread steps.
	Decision symbol is used when the process requires a decision to proceed.
	Directional Arrow symbol is used to reflect flow from one symbol to the next.
	Connector symbol is used to avoid crossing of lines and maintain flow going from left to right.
	Paper document symbol.
	Manual Operation symbol.
	Direct Data updates symbol.
	End Symbol is used to end the process.

The definitions of the shapes used in the diagrams in Section 7 of the *Financial Management – General Accounting* Future State Environment document are as follows:

Diagram Shape	Definition
	Entity symbol outside of the ERP represent external system interfaces. Entity symbol inside of the ERP represent interaction between internal modules.
	Directional Arrow symbol is used to reflect flow from one symbol to the next.

## **Appendix A – Product Requirements – Reference RFP Section 5**